



January 30, 2007

SENATE BILL No. 444

DIGEST OF SB 444 (Updated January 25, 2007 3:03 pm - DI 73)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Property tax deductions. For property taxes payable in 2008 and thereafter, increases the assessed value limitations for the deduction for persons at least 65 years of age and certain veterans deductions.

Effective: January 1, 2007 (retroactive).

**Riegsecker, Jackman, Broden,
Mrvan, Skinner**

January 11, 2007, read first time and referred to Committee on Tax and Fiscal Policy.
January 29, 2007, amended, reported favorably — Do Pass.

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SB 444—LS 7025/DI 52+



January 30, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 444

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-12-9 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
3 Sec. 9. (a) An individual may obtain a deduction from the assessed
4 value of the individual's real property, or mobile home or manufactured
5 home which is not assessed as real property, if:
6 (1) the individual is at least sixty-five (65) years of age on or
7 before December 31 of the calendar year preceding the year in
8 which the deduction is claimed;
9 (2) the combined adjusted gross income (as defined in Section 62
10 of the Internal Revenue Code) of:
11 (A) the individual and the individual's spouse; or
12 (B) the individual and all other individuals with whom:
13 (i) the individual shares ownership; or
14 (ii) the individual is purchasing the property under a
15 contract;
16 as joint tenants or tenants in common;
17 for the calendar year preceding the year in which the deduction is

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1 claimed did not exceed twenty-five thousand dollars (\$25,000);
 2 (3) the individual has owned the real property, mobile home, or
 3 manufactured home for at least one (1) year before claiming the
 4 deduction; or the individual has been buying the real property,
 5 mobile home, or manufactured home under a contract that
 6 provides that the individual is to pay the property taxes on the real
 7 property, mobile home, or manufactured home for at least one (1)
 8 year before claiming the deduction, and the contract or a
 9 memorandum of the contract is recorded in the county recorder's
 10 office;

11 (4) the individual and any individuals covered by subdivision
 12 (2)(B) reside on the real property, mobile home, or manufactured
 13 home;

14 (5) the assessed value of the real property, mobile home, or
 15 manufactured home does not exceed one hundred ~~forty-four~~
 16 **sixty-five** thousand dollars ~~(\$144,000); (\$165,000);~~ and

17 (6) the individual receives no other property tax deduction for the
 18 year in which the deduction is claimed, except the deductions
 19 provided by sections 1, 37, and 38 of this chapter.

20 (b) Except as provided in subsection (h), in the case of real property,
 21 an individual's deduction under this section equals the lesser of:

- 22 (1) one-half (1/2) of the assessed value of the real property; or
- 23 (2) twelve thousand four hundred eighty dollars (\$12,480).

24 (c) Except as provided in subsection (h) and section 40.5 of this
 25 chapter, in the case of a mobile home that is not assessed as real
 26 property or a manufactured home which is not assessed as real
 27 property, an individual's deduction under this section equals the lesser
 28 of:

- 29 (1) one-half (1/2) of the assessed value of the mobile home or
- 30 manufactured home; or
- 31 (2) twelve thousand four hundred eighty dollars (\$12,480).

32 (d) An individual may not be denied the deduction provided under
 33 this section because the individual is absent from the real property,
 34 mobile home, or manufactured home while in a nursing home or
 35 hospital.

36 (e) For purposes of this section, if real property, a mobile home, or
 37 a manufactured home is owned by:

- 38 (1) tenants by the entirety;
- 39 (2) joint tenants; or
- 40 (3) tenants in common;

41 only one (1) deduction may be allowed. However, the age requirement
 42 is satisfied if any one (1) of the tenants is at least sixty-five (65) years

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of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 2. IC 6-1.1-12-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

Sec. 14. (a) Except as provided in subsection (c) and except as provided in section 40.5 of this chapter, an individual may have the sum of twelve thousand four hundred eighty dollars (\$12,480) deducted from the assessed value of the tangible property that the individual owns (or the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home if the contract or a memorandum of the contract is recorded in the county recorder's office) if:

(1) the individual served in the military or naval forces of the United States for at least ninety (90) days;

(2) the individual received an honorable discharge;

(3) the individual either:

(A) is totally disabled; or

(B) is at least sixty-two (62) years old and has a disability of at least ten percent (10%); and

(4) the individual's disability is evidenced by:

(A) a pension certificate or an award of compensation issued

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by the United States Department of Veterans Affairs; or
 (B) a certificate of eligibility issued to the individual by the
 Indiana department of veterans' affairs after the Indiana
 department of veterans' affairs has determined that the
 individual's disability qualifies the individual to receive a
 deduction under this section.

(b) Except as provided in subsection (c), the surviving spouse of an
 individual may receive the deduction provided by this section if the
 individual would qualify for the deduction if the individual were alive.

(c) No one is entitled to the deduction provided by this section if the
 assessed value of the individual's tangible property, as shown by the tax
 duplicate, exceeds one hundred ~~thirteen~~ **twenty-five** thousand dollars
 (~~\$113,000~~). **(\$125,000)**.

(d) An individual who has sold real property, a mobile home not
 assessed as real property, or a manufactured home not assessed as real
 property to another person under a contract that provides that the
 contract buyer is to pay the property taxes on the real property, mobile
 home, or manufactured home may not claim the deduction provided
 under this section against that real property, mobile home, or
 manufactured home.

SECTION 3. IC 6-1.1-12-17.4 IS AMENDED TO READ AS
 FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
 Sec. 17.4. (a) Except as provided in section 40.5 of this chapter, a
 World War I veteran who is a resident of Indiana is entitled to have the
 sum of eighteen thousand seven hundred twenty dollars (\$18,720)
 deducted from the assessed valuation of the real property (including a
 mobile home that is assessed as real property), mobile home that is not
 assessed as real property, or manufactured home that is not assessed as
 real property the veteran owns or is buying under a contract that
 requires the veteran to pay property taxes on the real property, if the
 contract or a memorandum of the contract is recorded in the county
 recorder's office, if:

- (1) the real property, mobile home, or manufactured home is the
 veteran's principal residence;
- (2) the assessed valuation of the real property, mobile home, or
 manufactured home does not exceed one hundred ~~sixty-three~~
eighty-five thousand dollars (~~\$163,000~~); **(\$185,000)**; and
- (3) the veteran owns the real property, mobile home, or
 manufactured home for at least one (1) year before claiming the
 deduction.

(b) An individual may not be denied the deduction provided by this
 section because the individual is absent from the individual's principal

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1 residence while in a nursing home or hospital.

2 (c) For purposes of this section, if real property, a mobile home, or
3 a manufactured home is owned by a husband and wife as tenants by the
4 entirety, only one (1) deduction may be allowed under this section.
5 However, the deduction provided in this section applies if either spouse
6 satisfies the requirements prescribed in subsection (a).

7 (d) An individual who has sold real property, a mobile home not
8 assessed as real property, or a manufactured home not assessed as real
9 property to another person under a contract that provides that the
10 contract buyer is to pay the property taxes on the real property, mobile
11 home, or manufactured home may not claim the deduction provided
12 under this section with respect to that real property, mobile home, or
13 manufactured home.

14 SECTION 4. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]
15 **IC 6-1.1-12-9, IC 6-1.1-12-14, and IC 6-1.1-12-17.4, all as amended**
16 **by this act, apply to property taxes first due and payable after**
17 **December 31, 2007.**

18 SECTION 5. **An emergency is declared for this act.**

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SENATE MOTION

Madam President: I move that Senator Jackman be added as second author and Senators Broden, Mrvan, and Skinner be added as coauthors of Senate Bill 444.

RIEGSECKER

 COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 444, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Page 1, delete lines 1 through 15, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
 Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed twenty-five thousand dollars (\$25,000);

(3) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1)

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year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home;

(5) the assessed value of the real property, mobile home, or manufactured home does not exceed one hundred ~~forty-four~~ **sixty-five** thousand dollars ~~(\$144,000); (\$165,000);~~ and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:

- (1) one-half (1/2) of the assessed value of the real property; or
- (2) twelve thousand four hundred eighty dollars (\$12,480).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

- (1) one-half (1/2) of the assessed value of the mobile home or manufactured home; or
- (2) twelve thousand four hundred eighty dollars (\$12,480).

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

(e) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by:

- (1) tenants by the entirety;
- (2) joint tenants; or
- (3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

- (1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;
- (2) the surviving spouse's deceased husband or wife was at least

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- sixty-five (65) years of age at the time of a death;
- (3) the surviving spouse has not remarried; and
- (4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 2. IC 6-1.1-12-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
 Sec. 14. (a) Except as provided in subsection (c) and except as provided in section 40.5 of this chapter, an individual may have the sum of twelve thousand four hundred eighty dollars (\$12,480) deducted from the assessed value of the tangible property that the individual owns (or the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home if the contract or a memorandum of the contract is recorded in the county recorder's office) if:

- (1) the individual served in the military or naval forces of the United States for at least ninety (90) days;
- (2) the individual received an honorable discharge;
- (3) the individual either:
 - (A) is totally disabled; or
 - (B) is at least sixty-two (62) years old and has a disability of at least ten percent (10%); and
- (4) the individual's disability is evidenced by:
 - (A) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or
 - (B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a deduction under this section.

(b) Except as provided in subsection (c), the surviving spouse of an

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individual may receive the deduction provided by this section if the individual would qualify for the deduction if the individual were alive.

(c) No one is entitled to the deduction provided by this section if the assessed value of the individual's tangible property, as shown by the tax duplicate, exceeds one hundred ~~thirteen~~ **twenty-five** thousand dollars (~~\$113,000~~). **(\$125,000)**.

(d) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section against that real property, mobile home, or manufactured home.

SECTION 3. IC 6-1.1-12-17.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
Sec. 17.4. (a) Except as provided in section 40.5 of this chapter, a World War I veteran who is a resident of Indiana is entitled to have the sum of eighteen thousand seven hundred twenty dollars (\$18,720) deducted from the assessed valuation of the real property (including a mobile home that is assessed as real property), mobile home that is not assessed as real property, or manufactured home that is not assessed as real property the veteran owns or is buying under a contract that requires the veteran to pay property taxes on the real property, if the contract or a memorandum of the contract is recorded in the county recorder's office, if:

- (1) the real property, mobile home, or manufactured home is the veteran's principal residence;
- (2) the assessed valuation of the real property, mobile home, or manufactured home does not exceed one hundred ~~sixty-three~~ **eighty-five** thousand dollars (~~\$163,000~~). **(\$185,000)**; and
- (3) the veteran owns the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction.

(b) An individual may not be denied the deduction provided by this section because the individual is absent from the individual's principal residence while in a nursing home or hospital.

(c) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by a husband and wife as tenants by the entirety, only one (1) deduction may be allowed under this section. However, the deduction provided in this section applies if either spouse satisfies the requirements prescribed in subsection (a).

(d) An individual who has sold real property, a mobile home not

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assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

**SECTION 4. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]
IC 6-1.1-12-9, IC 6-1.1-12-14, and IC 6-1.1-12-17.4, all as amended
by this act, apply to property taxes first due and payable after
December 31, 2007."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 444 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

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